

TOWNSHIP OF MEYER
Menominee County, Michigan

Financial Report
With Supplemental Information

For the Year Ended
March 31, 2006

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name MEYER TOWNSHIP	County MENOMINEE
Audit Date MARCH 31, 2006	Opinion Date JUNE 20, 2006	Date Accountant Report Submitted to State: JULY 31, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

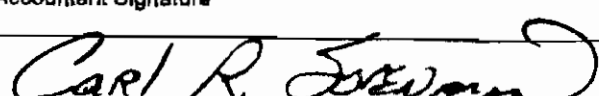
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☐ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) CARL R. SORENSEN, CPA			
Street Address 844 PIERCE AVE PO BOX 225	City MARINETTE	State WI	ZIP 54143
Accountant Signature 			

Township of Meyer
March 31, 2006

Table of Contents

Independent Auditor's Report	Page 1 - 2
Management's Discussion and Analysis	3 - 8
<u>Basic Financial Statements</u>	
Statement of Net Assets	9
Statement of Net Activities	10
Balance Sheet - Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Assets - Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	16
Statement of Cash Flows - Proprietary Funds	17
Fiduciary Funds - Statement of Net Assets	18
Notes to Financial Statements	19 - 31
<i>Required Supplemental Information</i>	
General Fund Budgetary Comparison Schedule	32
<i>Other Supplemental Information</i>	
Non-Major Governmental Funds Combining Balance Sheet	33
Non-Major Governmental Funds Combining Statement of Revenue, Expenditures and Changes in Fund Balances	34
Detail Schedule of General Fund Expenditures	35
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	36
Schedule of Findings	37

Carl R. Sorensen

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Township of Meyer
Menominee County, Michigan

I have audited the accompanying financial statements of the Governmental Activities and Business-Type Activities of the Township of Meyer, Menominee County, Michigan, as of and for the year then ended March 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Townships board. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

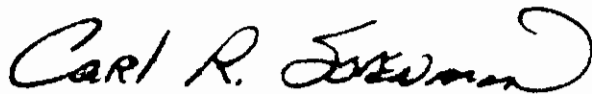
In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Township of Meyer, Menominee County, Michigan, at March 31, 2006, and the results of its operations and its cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, I have also issued a report dated June 20, 2006, on my consideration of the Township on Meyer's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Independent Auditor's Report

The management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 56 through 61 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Meyer, Menominee, basic financial statements. The other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Carl R. Sorensen, CPA

Marinette, WI 54143
June 20, 2006

MEYER TOWNSHIP

Management's Discussion and Analysis for the Year Ended March 31, 2006

This section of the Township of Meyer's annual financial report presents my analysis of the Township's financial performance during the year ended March 31, 2006. It is to be read in conjunction with the Town's financial statements which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments* and is intended to provide the financial results for the year ending March 31, 2006. Because the Town did not prepare GASB Statements for the year end March 31, 2005, prior year data is not available.

Financial Highlights

The assets of the Township of Meyer exceeded its liabilities as of March 31, 2006 by \$1,830,293 (net assets). Of this amount, \$587,258 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors. The total Township's net assets include infrastructure of the Township funds installed for April 1, 2003 to the present.

The Township of Meyer's total net assets increased by a net amount of \$72,399.

As of March 31, 2006, the Township's Governmental Funds reported combined ending fund balances of \$358,511, an increase of \$49,981 in comparison with the prior year. All of the fund balance is available for spending at the Township's discretion (unrestricted fund balance).

As of March 31, 2006, the reserved undesignated fund balance of the General Fund was \$179,194 or approximately 36% of total anticipated General Fund Expenditures for 2006.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township of Meyer's basic financial statements. These basic financial statements are comprised of three component's: 1.) Government-wide financial statements, 2.) Fund financial statements and 3.) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statement

The Government-wide Financial Statements are designed to provide readers with a broad overview of the Township of Meyer's finances, in a manner similar to a private-sector business.

The statement of Net Assets presents information on all of the Town of Meyer's assets and liabilities with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township of Meyer is improving or deteriorating.

MEYER TOWNSHIP

Management's Discussion and Analysis for the Year Ended March 31, 2006

Government-wide Financial Statements (continued)

The *Statement of Activities* presents information showing how the Government's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements distinguish functions of the Township of Meyer that are principally supported by taxes and intergovernmental revenues (*Governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Governmental activities of the Township of Meyer include general Government, public safety, public works and cemetery operations. The business-type activities of the Township of Meyer include the Sewer Utility.

The Government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township of Meyer, like other state and local Governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township of Meyer can be divided into three categories: Governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as Governmental activities in the Government-wide financial statements. However, unlike the Government-wide financial statements, Governmental fund financial statements focus on *near-term outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Government's near-term financing requirements.

Because the focus of Governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *Governmental funds* with similar information presented for *Governmental activities* in the Government-wide financial statements. By doing so, readers may better understand the long-term impact of the Government's near-term financing decisions. Both the Governmental fund balance sheet and the Governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *Governmental funds* and *Governmental activities*.

The basic Governmental fund financial statements can be found on pages 11 and 13 of this report.

Proprietary Funds

Proprietary funds are used to report the same functions presented as *business-type activities* in the Government-wide financial statements. Proprietary funds provide the same type of information as the Government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Utility which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 15 - 17 of this report.

MEYER TOWNSHIP

Management's Discussion and Analysis for the Year Ended March 31, 2006

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected in the Government-wide financial statement because the resources of those funds are not available to support the Township of Meyer's programs. The fiduciary fund maintained by the Township of Meyer is the Tax Collection Fund which records the tax roll and tax collections for other taxing jurisdictions within the Township of Meyer.

The basic fiduciary fund financial statements can be found on page 25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 31 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison statement for the General Fund to demonstrate compliance with the budget and complements the statement included in the basic Governmental fund financial statements. This statement can be found on page 32 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a Government's financial position. In the case of the Township of Meyer, assets exceeded liabilities by \$1,811,493 at the close of March 31, 2006.

Township of Meyer's Net Assets

	Governmental Activities March 31, 2006	Business-Type Activities March 31, 2006	Total March 31, 2006
Current and other assets	\$ 369,174	\$ 237,927	\$ 607,101
Capital assets	225,114	1,226,529	1,451,643
Total Assets	<u>\$ 594,288</u>	<u>\$ 1,464,456</u>	<u>\$ 2,058,744</u>
Long-term liabilities outstanding	\$ 111,795	\$ 95,000	\$ 206,795
Other liabilities	11,288	10,368	21,656
	<u>\$ 123,083</u>	<u>\$ 105,368</u>	<u>\$ 228,451</u>
Net Assets:			
Invested in capital assets net of related debt	\$ 112,694	\$ 1,130,341	\$ 1,243,035
Unrestricted	358,511	228,747	587,258
	<u>\$ 471,205</u>	<u>\$ 1,359,088</u>	<u>\$ 1,830,293</u>

The largest portion of the Township of Meyer's net assets (approximately 69%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The Township of Meyer uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township of Meyer's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MEYER TOWNSHIP

Management's Discussion and Analysis for the Year Ended March 31, 2006

Governmental Activities

Governmental activities increased the Township of Meyer's net assets by \$73,066 accounting for 100% of the total growth in the net assets of the Township of Meyer. Key elements of this increase are as follows:

	<u>Governmental Activities March 31, 2006</u>	<u>Business-Type Activities March 31, 2006</u>	<u>Total March 31, 2006</u>
REVENUE			
Program Revenue			
Charges for service	\$ 16,482	\$ 73,379	\$ 89,861
General Revenue			
Property taxes	103,659	—	103,659
Intergovernmental revenues not restricted to specific programs	83,046	—	83,046
Investment income	5,746	6,100	11,846
Miscellaneous	<u>11,626</u>	<u>—</u>	<u>11,626</u>
Total Revenue	220,559	79,479	300,038
EXPENSES			
General Government	88,623	—	88,623
Public safety	39,157	—	39,157
Public works	11,036	—	11,036
Cemetery operations	5,307	—	5,307
Interest and fiscal changes	3,370	2,550	5,920
Sewer	<u>—</u>	<u>77,596</u>	<u>77,596</u>
Total Expenses	147,493	80,146	227,639
 Increase in Net Assets	 73,066	 (667)	 72,399
Net Assets - beginning of year	<u>398,139</u>	<u>1,359,755</u>	<u>1,757,894</u>
Net Assets - end of year	<u>\$ 471,205</u>	<u>\$ 1,359,088</u>	<u>\$ 1,830,293</u>

MEYER TOWNSHIP

Management's Discussion and Analysis for the Year Ended March 31, 2006

Public safety activities accounts for approximately 27% of total expenditures within the Governmental funds of the Township of Meyer.

Public works accounts for approximately 7% percent of total expenditure within Governmental funds of the Township of Meyer.

Historically state revenue is the largest revenue source for Governmental Activities accounting for 38% of total revenue. Property tax revenues provides 34% of total revenue.

Business-Type Activities

Business type activities decreased the Township of Meyer's net assets by \$667. The cash flow for the Sewer Utility for 2006 was an increase of \$27,870.

The revenues of the Sewer Utility included investment income and miscellaneous income in addition to charges for services (operating revenues). Investment income and miscellaneous revenues are not identified specifically to an individual program but to the fund as a whole.

Financial Analysis of the Government's Funds

As noted earlier the Township of Meyer uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Township of Meyer's *Governmental Funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township of Meyer's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a Government's net resources available for spending at the end of the fiscal year.

As of March 31, 2006, the Township of Meyer's Governmental funds reported combined ending balances of \$358,511 an increase of \$49,981 in comparison with the prior year. 100% of the fund balance is available for spending at the Government's discretion.

Proprietary Fund

The Township of Meyer's proprietary funds provide the same type of information found in the Government-wide financial statements but in more detail.

Unrestricted net assets of the Sewer Utility at the end of the year amounted to \$228,747 a decrease of \$667 from March 31, 2005.

The financial statements and a statement of cash flows for the enterprise funds can be found on pages 15 - 18 of this report.

General Fund Budgetary Highlights

The general fund budget was not amended during the year. Actual revenue exceeded budget revenue by \$25,614 of which \$14,249 was for state revenues. Actual expenditures were more than budgeted expenditures by \$26,485.

A budget for the Fire Department Fund was not prepared or adopted.

MEYER TOWNSHIP

Management's Discussion and Analysis for the Year Ended March 31, 2006

Capital Asset and Debt Administration

Capital Assets

The Township of Meyer's investment in capital assets for its Governmental and business-type activities as of March 31, 2006 amounts to \$1,451,643 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment infrastructure.

Township of Meyer's Capital Assets

	Governmental Activity	Business-type Activity	Total
Land improvements	\$ 2,000	\$ -	\$ 2,000
Buildings and systems	511,334	1,955,816	2,467,150
Machinery and equipment	246,550	102,804	349,354
Infrastructure	5,099	-	5,099
Total Capital Assets	764,983	2,058,620	2,823,603
Less accumulated depreciation	539,869	832,091	1,371,960
Capital Assets Net of Depreciation	<u>\$ 225,114</u>	<u>\$ 1,226,529</u>	<u>\$ 1,451,643</u>

Township of Meyer's Outstanding Debt

	Governmental Activities 3-31-06	Business-type Activities 03-31-06	Total
Fire truck notes	\$ 79,000	\$ -	\$ 79,000
Road commission	32,795	-	32,795
Sewer bonds	-	95,000	95,000
Total	<u>\$ 111,795</u>	<u>\$ 95,000</u>	<u>\$ 206,795</u>

Requests for Information

This financial report is designed to provide a general overview of the Township of Meyer's finances for all those with an interest in the Government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Board.

Township of Meyer
Statement of Net Assets
March 31, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities -</u>	<u>Total</u>
ASSETS			
Cash	\$ 324,842	\$ 224,983	\$ 549,825
Accounts receivable	—	6,448	6,448
Due from other Governments	8,126	6,496	14,622
Advance to other funds	12,756	—	12,756
Notes receivable	23,450	—	23,450
Capital assets, net of depreciation	<u>225,114</u>	<u>1,226,529</u>	<u>1,451,643</u>
Total Assets	<u>\$ 594,288</u>	<u>\$ 1,464,456</u>	<u>\$ 2,058,744</u>
LIABILITIES			
Accounts payable	\$ 10,663	\$ —	\$ 10,663
Due from other funds	—	9,180	9,180
Accrued interest	625	1,188	1,813
Non-Current Liabilities			
Due within one year	6,000	8,000	14,000
Due in more than one year	<u>105,795</u>	<u>87,000</u>	<u>192,795</u>
Total Liabilities	<u>\$ 123,083</u>	<u>\$ 105,368</u>	<u>\$ 228,451</u>
NET ASSETS			
Invested in capital assets net of related debt	\$ 112,694	\$ 1,130,341	\$ 1,243,035
Unreserved	<u>358,511</u>	<u>228,747</u>	<u>587,258</u>
Total Net Assets	<u>\$ 471,205</u>	<u>\$ 1,359,088</u>	<u>\$ 1,830,293</u>

Township of Meyer
Statement of Activities
For the Year Ended March 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Governmental Activities				
General Government	\$ 88,623	\$ 13,963	\$ -	\$ -
Public safety	39,157	-	-	-
Public works	11,036	-	-	-
Cemetery operation	5,307	2,519	-	-
Interest and fiscal charges	3,370	-	-	-
Total Governmental Activities	<u>147,493</u>	<u>16,482</u>	<u>-</u>	<u>-</u>
Business-type Activities				
Sewer	77,596	73,379	-	-
Interest and fiscal charges	2,550	-	-	-
Total Business-type Activities	<u>80,146</u>	<u>73,379</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 227,639</u>	<u>\$ 89,861</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenue

Taxes:

Property taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenue

Change in net assets

Net Assets - beginning of year

Net Assets - end of year

**Net (Expenses) Revenue Bond
Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$(74,660)	\$ —	\$(74,660)
(39,157)	—	(39,157)
(11,036)	—	(11,036)
(2,788)	—	(2,788)
<u>(3,370)</u>	<u>—</u>	<u>(3,370)</u>
<u>(131,011)</u>	<u>—</u>	<u>(131,011)</u>
—	(4,217)	(4,217)
<u>—</u>	<u>(2,550)</u>	<u>(2,550)</u>
<u>—</u>	<u>(6,767)</u>	<u>(6,767)</u>
<u>(131,011)</u>	<u>(6,767)</u>	<u>(137,778)</u>
103,659	—	103,659
83,046	—	83,046
5,746	6,100	11,846
<u>11,626</u>	<u>—</u>	<u>11,626</u>
<u>204,077</u>	<u>6,100</u>	<u>210,177</u>
73,066	(667)	72,399
<u>398,139</u>	<u>1,359,755</u>	<u>1,757,894</u>
<u>\$ 471,205</u>	<u>\$ 1,359,088</u>	<u>\$ 1,830,293</u>

Township of Meyer
Balance Sheet Governmental Funds
March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash in bank	\$ 175,811	\$ 26,029	\$ 123,002	\$ 324,842
Due from other funds	8,900	4,780	-	13,680
Due from other Governmental units	5,146	1,490	1,490	8,126
Notes receivable	-	-	23,450	23,450
Total Assets	<u>\$ 189,857</u>	<u>\$ 32,299</u>	<u>\$ 147,942</u>	<u>\$ 370,098</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 10,663	\$ -	\$ -	\$ 10,663
Due to other funds	-	-	924	924
Total Liabilities	<u>10,663</u>	<u>-</u>	<u>924</u>	<u>11,587</u>
Fund Balance				
Fund Balances:				
Unreserved				
Undesignated	179,194	32,299	147,018	358,511
Total Fund Balance	<u>179,194</u>	<u>32,299</u>	<u>147,018</u>	<u>358,511</u>
Total Liabilities and Fund Balance	<u>\$ 189,857</u>	<u>\$ 32,299</u>	<u>\$ 147,942</u>	<u>\$ 370,098</u>

Township of Meyer
Governmental Funds
Reconciliation of Balance Sheet of Governmental Funds to Net Assets
March 31, 2006

Total Fund Balances - Governmental Funds \$ 358,511

*Amounts reported for Governmental activities
in the statement of net assets are different because:*

Capital assets used in Governmental activities
are not financial resources and are not reported
in the funds.

The cost of the capital assets is	764,983
Accumulated depreciation is	(539,869)

Long-term liabilities are not due and payable
in the current period and are not reported in
the funds.

Bonds payable	(79,000)
Road commission	(32,795)

Accrued interest is not included as a liability in Governmental funds.	(<u>625</u>)
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Net Assets of Governmental Activities	<u>\$ 471,205</u>
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Township of Meyer
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Fund
For the Year Ended March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
REVENUES				
Property taxes	\$ 62,816	\$ 36,433	\$ 4,410	\$ 103,659
State revenue	82,249	—	797	83,046
Charges for Services:				
Property tax administration fee	11,245	—	—	11,245
Cemetery	2,519	—	—	2,519
Interest on investments	2,891	23	2,832	5,746
Rents	4,730	—	3,275	8,005
Reimbursements	5,558	—	—	5,558
Fees and other	606	—	175	781
Total Revenues	<u>172,614</u>	<u>36,456</u>	<u>11,489</u>	<u>220,559</u>
EXPENDITURES				
Current:				
General Government	84,895	—	1,391	86,286
Public safety	—	23,155	—	23,155
Public works	11,036	—	—	11,036
Cemetery operations	—	—	5,307	5,307
Capital Outlay	26,968	—	—	26,968
Debt Service				
Principal	8,406	—	6,000	14,406
Interest	—	—	3,420	3,420
Total Expenditures	<u>131,305</u>	<u>23,155</u>	<u>16,118</u>	<u>170,578</u>
Excess (Deficiency) of Revenue Over Expenditures	41,309	13,301	(4,629)	49,981
Fund Balances, April 1	<u>137,885</u>	<u>18,998</u>	<u>151,647</u>	<u>308,530</u>
Fund Balances, March 31	<u>\$ 179,194</u>	<u>\$ 32,299</u>	<u>\$ 147,018</u>	<u>\$ 358,511</u>

Township of Meyer
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
for the Year Ended March 31, 2006

Net change in fund balances - total Governmental funds \$ 49,981

*Amounts reported for Governmental activities
in the statement of net assets are different because:*

Governmental funds report capital outlay as
expenditures; in the statement of activities.
These costs are allocated over their estimated
useful lives as depreciation.

Depreciation expense	(18,339)
Capital outlay	26,968

Repayment of bonds and debt is an expenditure
in the Governmental funds, but not in the
statement of activities (where it reduces long-
term debt) 14,406

Accrued interest is recorded in the statement of
activities when incurred; it is not reported in
Governmental funds until paid. 50

Change in net assets of Governmental Activities \$ 73,066

Township of Meyer
Statement of Net Assets
Proprietary Funds
March 31, 2006

	<u>Sewer Utility</u>
CURRENT ASSETS	
Cash in bank	\$ 224,983
Accounts receivable	6,448
Due from other Governmental units	<u>6,496</u>
Total Current Assets	237,927
 Non-Current Assets	
Property, plant and equipment	2,058,620
Less: accumulated depreciation	<u>(832,091)</u>
	<u>1,226,529</u>
Total Assets	<u>\$ 1,464,456</u>
 LIABILITIES AND FUND EQUITY	
Current Liabilities:	
Current portion of bonds payable	\$ 8,000
Due to other funds	9,180
Accrued interest	<u>1,188</u>
Total Current Liabilities	18,368
 Non-Current Liabilities:	
Bonds payable	87,000
 NET ASSETS	
Invested in capital assets, net of related debt	1,131,529
Unrestricted	<u>227,559</u>
Total Net Assets	<u>1,359,088</u>
 Total Liabilities and Net Assets	<u>\$ 1,464,456</u>

Township of Meyer
Combined Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
March 31, 2006

	<u>Sewer Utility</u>
OPERATING REVENUES - CHARGES AND FEES	\$ 73,379
OPERATING EXPENSES:	
Personal services	14,034
Purchase of services	8,131
Materials and supplies	13,381
Depreciation	36,071
Other	<u>5,979</u>
Total Operating Expenses	77,596
Operating Income (Loss)	(4,217)
NON-OPERATING INCOME (EXPENSE)	
Interest income	6,100
Interest expense	<u>(2,550)</u>
Total Non-Operating Income (Expense)	<u>3,550</u>
 Changes in Net Assets	 (667)
Net Assets April 1	<u>1,359,755</u>
Net Assets March 31	<u><u>\$ 1,359,088</u></u>

Township of Meyer
Combined Statement of Cash Flows
Proprietary Funds
March 31, 2006

	<u>Sewer Utility</u>
Cash Flows from Operating Activities:	
Operating income (loss)	\$(667)
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
Depreciation	36,071
<i>Change in assets and liabilities:</i>	
(Increase) in accounts receivable	(2,534)
(Decrease) in due from other Governmental units	1,852
(Increase) in due from other funds	9,180
(Decrease) in accounts payable	-
(Decrease) in accrued interest payable	<u>(100)</u>
Net Cash Provided by Operating Activities	43,802
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(7,932)
Principal paid on debt	<u>(8,000)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(15,932)</u>
Net Increase (Decrease) In Cash	27,870
Cash and Cash Equivalents, Beginning	<u>197,113</u>
Cash and Cash Equivalents, Ending	<u>\$ 224,983</u>

Township of Meyer
Fiduciary Funds
Statement of Net Assets
March 31, 2006

	<u>Agency</u> Tax Collection Fund
ASSETS	
Cash and investments	\$ <u>3,576</u>
Total Assets	\$ <u>3,576</u>
 LIABILITIES	
Due to other funds	\$ <u>3,576</u>
Total Liabilities	\$ <u>3,576</u>

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Meyer, conform to generally accepted accounting principles as applicable to Governmental units.

A. Reporting Entity

This report includes all of the Township of Meyer. The reporting entity for the village consists of (a) the primary Government, (b) organizations for which the primary Government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary Government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary Government are financially accountable. The primary Government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary Government. The primary Government may be financially accountable if an organization is fiscally dependent on the primary Government.

B. Basis of Financial Statement Presentation

In December 1998, the Governmental Accounting Standards Board (GASB) issued Statement No. 33 - *Accounting and Financial Reporting for Non-exchange Transactions* (GASB 33), in June 1999 issued Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and in June 2001 issued Statement No. 37 *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus* (GASB 37).

The Township of Meyer has implemented these standards effective April 1, 2003.

Statements No. 34 and 37, among many other changes, adds two new "Government-wide" financial statements as basic financial statements required for all Governmental units. The Statement of Net Assets and the Statement of Activities are the two new required Statements. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards and Governmental units, the Township used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for Governmental activity fund financial statements.

In addition, all funds are reported as business-type activities, Governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for Governmental units, GASB 34 and 37 concentrate on major funds versus non-major funds.

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Financial Statement Presentation (continued)

Statement No. 33 requires capital contributions to enterprise funds to be presented as a change in net rather than being directly credited to fund equity.

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the reporting Government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between Governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues included (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, (2) operating grants and contributions and (3) capital grants and contributions including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the Government-wide financial statements. Major individual Governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish *operating revenues and expenses from non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the Sewer Utility enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Financial Statements

Fund Financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditure/expenses.

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Financial Statement Presentation (continued)

Fund Financial Statements (continued)

Funds are organized as major funds or non-major funds within the Governmental, proprietary and fiduciary statements. An emphasis is placed on major funds within the Governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual Governmental or enterprises fund are at least 10 percent of the corresponding total for all funds of that category or type. (and)
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual Governmental fund or enterprise fund are at least 5 percent of the corresponding total for all Governmental and enterprise funds combined.

Governmental Funds

Governmental funds are identified as either general, special revenue, debt service, capital projects or permanent funds based upon the following guidelines:

GENERAL FUND

The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Financial Statement Presentation (continued)

Governmental Funds (continued)

PERMANENT FUNDS

Permanent Funds are used to account for resources legally held in a trust. All resources of the fund including any earnings on invested resources may be used to support the organization.

Business-type Activities

Proprietary Funds

ENTERPRISE FUNDS

Enterprise Funds are used to account for activities where a fee is charged to external users for goods and services. Enterprise activities include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges, or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

AGENCY FUNDS

Agency Funds are used to account for assets held by the village as an agent for individuals, private organizations and/or other Governmental units.

Major Funds

The Township reports the following major Governmental funds:

The *General Fund* which accounts for the Township's primary operating activities.

The *Fire Fund* which accounts for the Township's fire services.

The Township reports the following major proprietary fund:

The *Sewer Utility* which operates the sewage pumping stations and collection systems.

Fiduciary Funds

The Township reports the following agency fund:

Tax collection

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

In the Government-wide Statement of Net Assets and Statement of Activities both Governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting is followed by the Governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditure are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgements, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed for the Township of Meyer taxes are being provided. In addition to property taxes for the Township, taxes are collected for and remitted to the state and county Governments as well as the local school districts.

Intergovernmental aids and grants are recognized as revenues in the period the Township is entitled to the resources and the amounts are available.

Revenues susceptible to accrual property taxes, intergovernmental revenue, miscellaneous taxes, public charges for services and interest.

Other general revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary funds are accounted for on the accrual basis. Revenues such as user fees are recognized in the accounting period in which they are earned; expenses are recognized in the period incurred.

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

The proprietary funds have elected to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989 and all pronouncements of the Governmental Accounting Standards Board.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Measurement focus

On the Government-wide Statement of Net Assets and Statement of Activities both Governmental and business-type activities are presented using the flow of economic resources measurement focus as defined below.

The measurement focus of proprietary funds is the flow of economic resources. Under this concept, revenues and expenses are matched using the accrual basis of accounting. All fixed assets are capitalized at historical cost and depreciated over their useful lives.

The measurement focus of all Governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance and commitments of the current period are recognized as deferred or a reservation of fund equity.

E. Cash and Cash Equivalents

For purposes of this statement of cash flows, the Township considers all highly liquid investments with an initial maturity of one year or less when acquired to be cash equivalents.

F. Inventories

Inventory of supplies are considered to be immaterial and are not recorded.

G. Long-Term Obligations

The accounting treatment of long-term debt depends whether they are reported in the Government-wide or fund financial statements.

All long-term debt to be repaid from Governmental and business-type resources are reported as liabilities in the Government-wide statements. The long-term debt considers primarily of notes and bonds payable.

Long-term debt for Governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting in proprietary funds is the same in the fund statements as it is in the Government-wide statements.

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in Governmental fund operations or proprietary fund operations and whether they are reported in the Government-wide fund financial statements.

Government-wide Statements

In the Government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical costs or estimated historical cost if actual cost is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The township has a capitalization threshold of \$2,000.

Prior to April 2003, Governmental fund's capital assets were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statements. Infrastructure of Governmental funds was not previously capitalized. Upon implementing GASB 34 Governmental units are required to account for all capital assets, including infrastructure in the Government-wide statements prospectively from the date of implementation. For the year ended March 31, 2006, the Township has reported infrastructure acquired by its Governmental fund types since April 1, 2003.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities with an accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Machinery and equipment	10-15 years
Utility system	05-60 years
Infrastructure	50 years

Fund Financial Statements

In the fund financial statements, fixed assets used in Governmental fund operations are accounted for as capital outlay expenditures of the Governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the Government-wide statements.

I. Budgets

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund described in Note 1.

A budget has been adopted for the general fund and comparisons of actual to budget are presented in the supplemental information. Budgetary comparisons are not required for proprietary funds.

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Budgets (continued)

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

- 1.) Prior to March 1, the clerk submits to the council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- 2.) Public hearings are conducted to obtain taxpayer comments.
- 3.) Prior to April 1, the budget is legally enacted.
- 4.) The Township Board may authorize transfer budget amounts between departments within any fund and any revisions that alter the total expenditure of any fund.
- 5.) Formal budgetary integration is employed as management control device during the year for the General Fund.

J. Allowances for Uncollectible Accounts

No provision for uncollectible accounts has been established in the proprietary fund as the utility has the right to collect delinquent sewer bills by placing them on the tax roll.

K. Revenue Recognition

Sewer revenues are recorded based on actual service rendered, billings are made to customers through quarterly billings. The utility does not accrue revenues beyond such billing dates as the amount are not significant.

L. Claims and Judgements

Claims and judgements are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgements that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the Governmental fund types. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the Governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claim and judgments are recorded in the Government-wide and proprietary funds statements as expenses when the related liabilities are incurred. There were no significant claims or judgements at year end.

M. Encumbrances

Encumbrances outstanding represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders at year end are fulfilled. Encumbrances outstanding at year end are reported as reservations of fund balance and do not represent liabilities or expenditures. Encumbrance accounting applies only to Governmental fund types. There were no other significant encumbrances outstanding at year end.

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Equity Classifications
Government-wide Statements

Equity is classified as net assets and displayed in three components:

- 1.) Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or any other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- 2.) Restricted net assets - consists of net assets with constraints placed on the use either by a.) external groups such as creditors, contributors or laws or regulations of other Governments or, b.) Laws through constitutional provisions or enabling legislation.
- 3.) Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets net of related debt".

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in Government-wide statements.

NOTE 2 DEPOSITS AND INVESTMENTS

At year end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business Type Activities	Fiduciary Funds	Total Primary Government
Cash & cash equivalents	\$ 342,842	\$ 224,983	\$ 3,576	\$ 571,401
Investments	-	-	-	-
Total	<u>\$ 342,842</u>	<u>\$ 224,983</u>	<u>\$ 3,576</u>	<u>\$ 571,401</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits	\$ 571,401
Investments in securities	-
Petty cash & cash on hand	-
Total	<u>\$ 571,401</u>

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 2 DEPOSITS AND INVESTMENTS (continued)

As required by Governmental Accounting Standards Board Statement No. 40, *Deposits and Investment Risk Disclosures* the following represents a summary of deposits as of June 30, 2006:

Fully insured deposits	\$ 200,000
Collateralized with securities held by the pledging financial institution in the schools name	—
Collateralized with securities held by the pledging financial institution's trust department	—
Uncollateralized	<u>463,458</u>
	<u>\$ 663,458</u>

State statutes and the Township's investment policy authorize the Unit to make deposits in the accounts of federally insured banks, credit unions and savings and loan associations which have an office in Michigan; the District is allowed to invest in U.S. Treasury or Agency obligation, U.S. Government repurchases agreements, bankers acceptances, commercial paper rated prime at the time of purchases which mature not more than 270 days after the date of purchases, mutual funds and investment pools that are composed of authorized investment vehicles. The Township's deposits are in accordance with statutory authority.

The Township had no investments at March 31, 2006.

NOTE 3 INTERFUND RECEIVABLES/PAYMENTS

The amounts of Interfund receivables and payables are as follows:

Interfund Fund	Receivable	Interfund Fund	Payable
General	\$ 8,900	Current tax coll.	\$ 3,576
Fire	<u>4,780</u>	Sewer	9,180
		Perpetual care	<u>924</u>
Total	<u>\$ 13,680</u>		<u>\$ 13,680</u>

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2006 was as follows:

GOVERNMENTAL ACTIVITIES

	Beginning Balance	Additions	Deletions	Ending Balance
Land improvements	\$ 2,000	\$ —	\$ —	\$ 2,000
Buildings	484,406	26,928	—	511,334
Vehicles & equipment	246,550	—	—	246,550
Infrastructure	<u>5,099</u>	<u>—</u>	<u>—</u>	<u>5,099</u>
Total Capital Assets	738,055	26,928	—	764,983
Less Accumulated Depreciation:				
Land improvements	<u>521,530</u>	18,339	—	<u>539,869</u>
Governmental Capital Assets, Net	<u>\$ 216,525</u>			<u>\$ 225,114</u>

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 4 CAPITAL ASSETS (continued)

BUSINESS-TYPE ACTIVITY

Building and collection systems	\$ 1,955,816	—	—	\$ 1,955,816
Machinery & equipment	<u>94,872</u>	<u>7,932</u>	<u>—</u>	<u>102,804</u>
Total Capital Assets	2,050,688	7,932	—	2,058,620
Less Accumulated Depreciation:	<u>796,020</u>	36,071		<u>832,091</u>
Business-Type Capital Assets, Net	<u>\$ 1,254,668</u>			<u>\$ 1,226,529</u>

Depreciation Expense Cash Charged to Functions as Follows:

Governmental Activities:

General Government	\$ 2,337
Public safety	<u>16,002</u>
Total Governmental Activities Depreciation Expense	<u>\$ 18,339</u>

Business-Type Activities Depreciation

Sewer	\$ <u>36,071</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 36,071</u>

NOTE 5 LONG TERM OBLIGATIONS

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the Governmental funds will be retired by future property tax levies. Proprietary fund debt is payable by revenues from user fees of those funds.

Long term liability activity for the year ended March 31, 2006, was as follows:

	Balance 04-01-05	Increases	Decreases	Balance 03-31-06
Governmental Activities				
Notes payable	\$ 85,000	\$ —	\$ 6,000	\$ 79,000
Other Liabilities				
Contract payable	<u>38,795</u>	<u>2,406</u>	<u>8,406</u>	<u>32,795</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 123,795</u>	<u>\$ 2,406</u>	<u>\$ 14,406</u>	<u>\$ 111,795</u>
Business-Type Activities				
Bonds and Notes Payable				
Revenue bonds	<u>\$ 103,000</u>	<u>\$ —</u>	<u>\$ 8,000</u>	<u>\$ 95,000</u>
Total Business-Type Activities Long Term Liabilities	<u>\$ 103,000</u>	<u>\$ —</u>	<u>\$ 8,000</u>	<u>\$ 95,000</u>

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 5 LONG TERM OBLIGATIONS - continued

Note Payable

On November 8, 2001, The Township entered into a note payable to Rural Department Services with the US Department of Agriculture for \$103,000. This was used for the purchase of a fire truck. The interest rate is 4.75% with payments as follows:

<u>Year</u>	<u>May Interest</u>	<u>May Principle</u>	<u>November Interest</u>	<u>Annual Debt Service</u>
2006	1,876	6,000	1,734	9,610
2007	1,734	6,000	1,591	9,325
2008	1,591	6,000	1,449	9,040
2009	1,449	7,000	1,282	9,731
2010	1,283	7,000	1,116	9,399
2011	1,116	7,000	950	9,066
2012	950	8,000	760	9,710
2013	760	8,000	570	9,330
2014	570	8,000	380	8,950
2015	380	8,000	190	8,570
2016	190	8,000	—	8,190
	<u>\$ 11,899</u>	<u>\$ 79,000</u>	<u>\$ 10,022</u>	<u>\$ 100,921</u>

Contract Payable

The Township has a contract for road improvements with Menominee County. The balance due does not have scheduled payments.

Sanitary Sewer System Revenue Bonds

In fiscal 1982, the Township of Meyer issued sanitary system revenue bonds in the amount of \$265,000 for the purpose of partially funding acquisition and construction of a sanitary sewage collection and lagoon treatment system pursuant to the provisions of Act 94, Public Acts of Michigan, 1993, as amended. The balance of the cost of the Projects is defrayed by grants in the amount of \$150,000 from the United States Government, Farmers Home Administration, \$805,125 from the United States Government, Environmental Protection Agency and \$53,675 from the State of Michigan, Department of Natural Resources. The payments are as follows:

<u>Year</u>	<u>May Interest</u>	<u>May Principle</u>	<u>November Interest</u>	<u>Annual Debt Service</u>
2006	3,625	8,000	3,625	15,250
2007	3,425	9,000	3,425	15,850
2008	3,200	9,000	3,200	15,400
2009	2,975	9,000	2,975	14,950
2010	2,750	10,000	2,750	15,500
2011	2,500	10,000	2,500	15,000
2012	2,250	10,000	2,250	14,500
2013	2,000	10,000	2,000	14,000
2014	1,750	10,000	1,750	13,500
2015	1,500	10,000	1,500	13,000
	<u>\$ 25,975</u>	<u>\$ 95,000</u>	<u>\$ 25,975</u>	<u>\$ 146,950</u>

Township of Meyer
Notes to Financial Statements
March 31, 2006

NOTE 6 LEASES

The village has no material leases as lessee or lessor.

NOTE 7 NET ASSETS/FUND BALANCES

GASB Statement No. 34 requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other Governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Net Assets reported on the Government-wide Statement of Net Assets at March 31, 2006 includes the following:

Invested in Capital Assets, Net of Related Debt	
Capital assets, net of accumulated depreciation	\$ 1,451,643
Less: related long-term debt outstanding	<u>(208,608)</u>
 Total Invested in Capital Assets	 1,243,035
 Unrestricted	 <u>587,258</u>
 Total Net Assets - Government-wide Statements	 <u>\$ 1,830,293</u>

NOTE 8 RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There has been no reduction in insurance coverage from that in prior years.

NOTE 9 INDIVIDUAL FUND - EXCESS EXPENDITURES OVER APPROPRIATIONS

The village controls expenditures at the functional level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the required supplemental information included in this report.

Individual fund expenditures exceeded individual fund appropriations in the following funds:

	<u>Actual Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Government	\$ 84,895	\$ 76,800	\$ 8,095

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF MEYER
Budgetary Comparison Schedule
General Fund
For the Year Ended
March 31, 2006

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>
REVENUES:			
Property taxes	\$ 60,000	\$ 60,000	\$ 62,816
State revenue	68,000	68,000	82,249
Charges for services:			
Property tax administration fee	6,000	6,000	11,245
Cemetery	3,500	3,500	2,519
Interest on investments	1,500	1,500	2,891
Rents	6,000	6,000	4,730
Reimbursements	5,000	5,000	5,558
Other	<u>—</u>	<u>—</u>	<u>606</u>
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>172,614</u>
EXPENDITURES:			
General Government	76,800	76,800	84,895
Public works	11,000	11,000	11,036
Cemetery operations	5,000	5,000	—
Capital outlay	55,000	55,000	26,968
Debt service	<u>10,000</u>	<u>10,000</u>	<u>8,406</u>
Total Expenditures	<u>157,800</u>	<u>157,800</u>	<u>131,305</u>
Excess (deficiency) of revenues over expenditures	(7,800)	(7,800)	41,309
OTHER FINANCING SOURCES (USES):			
Operating transfers in	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(7,800)	(7,800)	41,309
Fund balances, April 1	<u>7,800</u>	<u>7,800</u>	<u>137,885</u>
Fund balances, March 31	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 179,194</u>

TOWNSHIP OF MEYER
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2006

	<u>Non-Major Special</u>		
	<u>Liquor</u>	<u>Perpetual Care</u>	<u>Industrial Park</u>
ASSETS			
Cash	\$ 3,057	\$ 60,286	\$ 8,058
Due from other Governmental units	—	—	—
Due from other funds	—	—	—
Notes receivable	—	—	23,450
Total Assets	<u>\$ 3,057</u>	<u>\$ 60,286</u>	<u>\$ 31,508</u>
 LIABILITIES AND FUND BALANCES			
Liabilities	\$ —	\$ —	\$ —
Due to other funds	—	924	—
	—	924	—
 Fund Balances:			
Unreserved:			
Undesignated	3,057	59,362	31,508
Total Liabilities and Fund Balances	<u>\$ 3,057</u>	<u>\$ 60,286</u>	<u>\$ 31,508</u>

<u>Revenue Funds</u>		<u>Debt Service</u>	
<u>Housing Grants</u>	<u>Total Non-Major Special</u>	<u>Fire Truck</u>	<u>Total Non-Major Governmental Funds</u>
\$ 4,203	\$ 75,604	\$ 47,398	\$ 123,002
—	—	1,490	1,490
—	—	—	—
—	23,450	—	23,450
<u>\$ 4,203</u>	<u>\$ 99,054</u>	<u>\$ 48,888</u>	<u>\$ 147,942</u>
\$ —	\$ —	\$ —	\$ —
—	924	—	924
—	924	—	924
<u>4,203</u>	<u>98,130</u>	<u>48,888</u>	<u>147,018</u>
<u>\$ 4,203</u>	<u>\$ 99,054</u>	<u>\$ 48,888</u>	<u>\$ 147,942</u>

TOWNSHIP OF MEYER
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
March 31, 2006

	<u>Non-Major Special</u>		
	<u>Liquor</u>	<u>Perpetual Care</u>	<u>Industrial Park</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
State revenue	797	-	-
Interest on investments	-	1,334	926
Rents	-	-	3,275
Other	-	175	-
Total Revenues	\$ 797	\$ 1,509	\$ 4,201
 EXPENDITURES			
Wages	\$ -	\$ 3,849	\$ -
Supplies	-	810	-
Website	-	-	-
Repairs and maintenance	-	70	935
Insurance	-	-	-
Professional fees	-	-	-
Other	-	578	442
Debt retirement	-	-	-
Total Expenditures	-	5,307	1,377
 Excess (Deficiency) of Revenues Over Expenditures	797	(3,798)	2,824
 Fund Balances April 1	<u>2,260</u>	<u>63,160</u>	<u>28,684</u>
 Fund Balances March 31	<u>\$ 3,057</u>	<u>\$ 59,362</u>	<u>\$ 31,508</u>

<u>Revenue Funds</u>		<u>Debt Service</u>	
<u>Housing Grants</u>	<u>Total Non- Major Special</u>	<u>Fire Truck</u>	<u>Total Non-Major Governmental Funds</u>
\$ -	\$ -	\$ 4,410	\$ 4,410
-	797	-	797
4	2,264	568	2,832
-	3,275	-	3,275
-	175	-	175
<u>\$ 4</u>	<u>\$ 6,511</u>	<u>\$ 4,978</u>	<u>\$ 11,489</u>
\$ -	\$ 3,849	\$ -	\$ 3,849
-	810	-	810
-	-	-	-
-	-	-	-
-	1,005	-	1,005
-	-	-	-
14	1,034	-	1,034
-	-	9,420	9,420
<u>14</u>	<u>6,698</u>	<u>9,420</u>	<u>16,118</u>
(10)	(187)	(4,442)	(4,629)
<u>4,213</u>	<u>98,317</u>	<u>53,330</u>	<u>151,647</u>
<u>\$ 4,203</u>	<u>\$ 98,130</u>	<u>\$ 48,888</u>	<u>\$ 147,018</u>

TOWNSHIP OF MEYER
Detail Schedules of General Fund Expenditures
for the Year Ended
March 31, 2006

GENERAL GOVERNMENT

Town Board	
Wages	\$ 2,175
Payroll tax	6,733
Dues	3,826
Insurance	11,541
Supplies	1,486
Other	389
	<u>26,150</u>
Elections	797
	<u>797</u>
Supervisor	4,867
Clerk	4,698
Treasurer	7,318
	<u>16,883</u>
Town Hall	
Wages	3,431
Utilities	14,024
Maintenance	1,246
Supplies	3,616
Other	143
	<u>22,460</u>
Town Property	
Wages	3,300
Supplies	1,961
Utilities	2,735
Maintenance	1,677
Other	924
	<u>10,597</u>
Assessor	
Professional fees	6,600
Supplies	820
	<u>7,420</u>
Board of review	
Wages	150
Other	438
	<u>588</u>
	<u>84,895</u>
Public Works	
Street lighting	11,036
Capital Outlay	
Town hall	26,968
Debt Service	
Road commission	8,406
	<u>8,406</u>
Total General Government	<u>\$ 131,305</u>

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Township Board
Township of Meyer
Menominee County, Michigan

I have audited the financial statements of the Township of Meyer for the year ended March 31, 2006, and have issued my report thereon dated June 20, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Meyer's financial statements are free of material misstatement I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Township of Meyer's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Township of Meyer's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I believe the reportable condition described in the Schedule of Findings is a material weakness.

This report is intended solely for the information and use of the management of the Township of Meyer and it is not intended to be and should not be used by anyone other than those specified parties.



June 20, 2006

Township of Meyer

SCHEDULE OF FINDINGS Year Ended March 31, 2006

Financial Statement Finding

Segregation of Duties - The size of the Township's office staff precludes a proper segregation of functions to assure adequate internal control. This is not unusual in a Township of your size, but the Board should continue to be aware of this condition and to realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable for an effective system of internal control. Under these conditions, the most effective controls lie in the Board's knowledge of matters relative to the Township's operations.

Carl R. Sorensen

Certified Public Accountant

844 Pierce Avenue
"In The Northern Building"
P.O. Box 225

Marinette, Wisconsin 54143
Phone 715-735-9021
Fax 715-735-7116

August 10, 2006

Meyer Township
P.O. Box 185
Hermansville, MI 49847

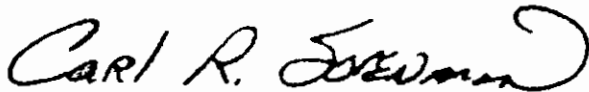
Dear Board:

The following is my letter of comments and recommendations:

1. There were discrepancies in posting transactions between various funds in the General Ledger. On a monthly basis, proofs of revenue and expenses should be made to ensure the proper monies were transferred to and from the correct fund cash accounts.
2. The Industrial Park Fund is not under the control of the Township and loans from this fund are not approved by the Board. Action should be taken so all funds are maintained by the Town.
3. A receipt book is not maintained for all collection of monies. This procedure should be established.

I would be pleased to discuss these items with the Board.

Sincerely,



Carl R. Sorensen
Certified Public Accountant